

Berkshire

FINE SPINNING ASSOCIATES, INC.

ANNUAL REPORT

1952

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Comery, Davison & Jacobson



Owners

The Company had 13,598 stockholders on September 30, 1952.

Directors

*JAMES C. BRADY	*W. R. L. McBEE
JONATHAN CHACE	*JOHN H. McMAHON
*MALCOLM G. CHACE	*IRWIN L. MOORE
*MALCOLM G. CHACE, JR.	HENRY S. NEWCOMBE
LINSLEY V. DODGE	WILLIAM A. O'HEARN
BRADFORD R. FROST	WILLIAM C. PLUNKETT
MANLIO FROVA	*GIBBS W. SHERRILL
CARLOS S. HOLCOMB	THOMAS F. TANSEY
ARTHUR INGRAHAM, JR.	AVERY K. WHITE
THOMAS J. KENNEDY	FREDERICK C. WILLIAMS
*A. N. WINSLOW, JR.	

**Executive Committee*

Officers

Chairman of the Board	JOHN H. McMAHON
President and Treasurer	MALCOLM G. CHACE, JR.
Vice President	LINSLEY V. DODGE
Vice President	MANLIO FROVA
Vice President	THOMAS J. KENNEDY
Vice President	HENRY S. NEWCOMBE
Vice President and Clerk	GIBBS W. SHERRILL
Vice President	THOMAS F. TANSEY
Vice President	AVERY K. WHITE
Assistant Treasurer	EDWARD H. ARNOLD
Assistant Secretary	JOHN J. McMAHON

Berkshire

FINE SPINNING ASSOCIATES, INC.

ANNUAL REPORT

for the Fiscal Year

Ended September 30,

1952



ANNUAL REPORT

For the Year Ended September 30, 1952

TO THE STOCKHOLDERS OF
BERKSHIRE FINE SPINNING ASSOCIATES, INC.

There is presented herewith the annual report for the year ended September 30, 1952.

FINANCIAL The Net Income for the year was \$200,342 on sales of \$48,544,524 compared with \$3,141,206 on sales of \$60,987,366 in 1951. This income is after Federal and State Income Taxes of \$245,000. No amount was deducted for the Reserve for Replacement of Plant, as has been done in recent years, since it was believed that the amounts reserved in the past plus the current depreciation were adequate to take care of any capital expenditures now contemplated. While profits were markedly less than in 1951, the close of the fiscal year found your Company continuing in a strong financial position with Total Stockholders' Equity of \$36,090,338 and Working Capital of \$27,062,364.

DIVIDENDS Dividends at the rate of \$1.20 per share, aggregating \$2,338,355 were paid to stockholders during the year. Dividend payments for the first two quarters were maintained at the rate of 35¢ per share but were reduced by the directors, in view of the considerable decline in earnings, to 25¢ per share which was the amount paid in June and in September 1952.

PLANTS AND EQUIPMENT Total expenditures for improvements made to our plants during the year amounted to \$1,962,235 which was considerably more than the \$771,295 that was reserved for depreciation. Of the amount spent, \$1,253,625 was taken from the Plant Construction, Improvement and Replacement Fund and \$708,610 from Working Capital. We have now on order for delivery during the coming year new machinery and equipment valued at approximately \$1,200,000 and it is contemplated that even more will be spent in our constant efforts to improve the efficiency and competitive position of our plants. While we hope to be able to continue our operations in New England on a profitable basis, careful investigation is constantly being made of the competitive advantages of operating in other sections of the country.

EMPLOYEE RELATIONS As the aftermath of our 1951 union contract negotiations, the Wage Stabilization Board authorized for the employees of this Company and other New England cotton mills a wage increase of 6½% retroactive to March 1951 in addition to a cost-of-living escalator formula and other "fringe" benefits. These higher labor costs came when the textile industry of the world was just entering a period of the most unsatisfactory business conditions of recent years. With business falling off, it became necessary to curtail production sharply in order not to build up unduly large inventories. In spite of the decline in business, we were obligated under the cost-of-living pro-



visions of our labor contract to raise wages 1¢ per hour in October 1951 and 2¢ in January 1952. Also, it had become evident that the mills outside of New England were not going to follow the increases granted by the New England mills in 1951. Operating at such a wide cost disadvantage, we found it increasingly difficult to meet competition from the other sections of the country where the major part of the industry is located. It was this situation that forced Northern employers in March of this year reluctantly to seek a general wage reduction as a partial solution of the problem. When direct negotiations failed, we requested arbitration asking for a wage reduction equivalent to the labor cost increases resulting from the collective bargaining agreement of 1951. It was not until late July that some relief was received in the arbitrator's decision that nullified the 6½% increase but at the same time retained the escalator clause in full effect. While a badly needed wage reduction was thereby granted, the competitive advantage gained by the Company was partially offset by a 1¢ per hour wage increase in July and a 2¢ increase in October made necessary through the automatic operation of the cost-of-living escalator. Nevertheless, production has been stepped up recently and we hope to be able to operate at full capacity.

GENERAL The extremely poor business conditions of the last half of the previous fiscal year continued and became even more serious during the current year. Prices dropped to a point where in many instances they were less than the cost of production and the only recourse was for the Company to make all possible operating economies and to strive for greater efficiency. A downward adjustment of wages has been effected, new efficient machinery has been installed and new work assignments have been inaugurated at our various plants which together have resulted in substantial reductions in costs.

During June, the first signs of improvement began to appear. The upward trend in volume and prices has since continued, although it failed to arrive in time to be reflected in the fiscal year just closed. It seems probable that this improvement together with our better operating efficiency should enable us to operate profitably under conditions now prevailing, and we look forward to the coming year with confidence in the continued success of the Company.

Your management wishes to express its sincere appreciation for the support and cooperation extended throughout this difficult year by the Company's many loyal and capable employees.

JOHN H. McMAHON
Chairman of the Board

M. G. CHACE, JR.
President

November 20, 1952

*S*IGNIFICANT FIGURES *from*

BERKSHIRE ANNUAL REPORTS

Not Including WARREN TEXTILE

FISCAL YEARS →	1952	1951	1950	1949
Net Sales in Dollars	\$48,544,524	\$60,987,366	\$63,466,253	\$50,911,799
Total Taxes, including Social Security, Property and Income . .	1,240,439	5,984,434	5,095,604	3,033,576
Taxes per Share of Common Stock . .	.64	3.07	2.61	1.56
Net Earnings Available for Dividends	200,342	3,141,206	4,098,514	2,502,448
Earnings per Share of Common Stock .	.10	1.61	2.10	1.28
Dividends on Preferred Stock . . .	—	—	—	—
Dividends Paid per Share of Common Stock	1.20	1.75	1.40	2.40
Working Capital	27,062,364	28,716,612	28,632,385	28,389,170
Total Stockholders' Equity	36,090,338	37,992,828	38,261,722	36,891,289
Common Shares (End of Year) . . .	1,948,629	1,948,629	1,948,629	1,948,629

*The number of shares of common stock changed in these years.

TO STOCKHOLDERS . . . *and other Data*

& MACHINERY SUPPLY Co.

1948	1947	1946	1945	1944	1943
\$69,889,757	\$68,444,883	\$42,860,655	\$36,043,026	\$31,695,890	\$38,679,237
10,405,712	9,948,371	6,399,557	5,753,558	5,136,058	6,269,029
5.34	6.28	13.50	11.90	10.62	12.96
13,157,672	12,842,173	5,689,726	1,813,576	1,602,047	1,724,446
6.74	7.94	11.32	3.00	2.57	2.82
19,978	279,105	325,399	360,330	360,330	360,335
2.40	1.17	1.75	1.75	2.00	2.00
31,004,330	22,763,942	14,959,317	10,752,168	8,772,906	8,606,238
38,930,371	30,044,473	19,186,544	15,293,849	14,765,586	14,638,121
*1,948,629	*1,583,094	*473,986	483,669	483,669	483,669

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FINE SPINNING A

Consolidated

ASSETS

CURRENT ASSETS

	September 30, 1952	September 30, 1951
Cash	\$ 8,070,738.48	\$ 3,740,785.47
Accounts Receivable (Less Reserve \$373,084.12 - 1952; \$379,402.29 - 1951)	3,529,891.94	3,796,264.59
Marketable Securities (including U. S. Government's \$3,298,952.42 - 1952; \$92,017.88 - 1951) (Estimated Market Value \$3,468,952.42 - 1952; \$92,017.88 - 1951)	3,488,315.35	92,017.88
Inventories (<i>Note A</i>)		
Raw Materials	2,395,901.21	3,869,732.09
Stock in Process	1,780,638.15	1,804,165.64
Cloth	9,482,983.64	18,154,115.99
Waste	133,184.13	195,740.56
Total Inventories	13,792,707.13	24,023,754.28
TOTAL CURRENT ASSETS	28,881,652.90	31,652,822.22

OTHER ASSETS AND DEFERRED CHARGES

Plant Construction, Improvement and Replacement Fund (<i>Note C</i>)		
Cash	189,548.67	1,588,502.82
Bonds (including U. S. Government's \$5,075,284.69 - 1952; \$4,929,386.01 - 1951) (Estimated Market Value \$5,116,105.63 - 1952; \$4,997,423.75 - 1951)	5,182,363.25	5,037,033.81
Total Plant Construction, Improvement and Replacement Fund	5,371,911.92	6,625,536.63
Investment in Correlated Companies	518,580.55	518,580.55
Investment in and Advances to Warren Textile & Machinery Supply Co. (<i>Note B</i>)	289,037.73	331,228.86
Notes and Other Amounts Receivable	101,754.20	121,676.69
Prepaid Insurance, Taxes and Other Assets	450,253.90	541,609.97
Supplies Inventory, including Fuel	110,613.00	142,873.17
TOTAL OTHER ASSETS AND DEFERRED CHARGES	6,842,151.30	8,281,505.87

PLANT ASSETS (*Note D*)

Properties Comprising Land, Buildings, Machinery, Equipment, and Developed Water Power	17,983,867.12	16,120,355.66
Less: Depreciation Reserves	8,598,044.64	7,925,645.81
NET PLANT ASSETS	9,385,822.48	8,194,709.85
TOTAL ASSETS	\$45,109,626.68	\$48,129,037.94

See Accompanying Notes

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ASSOCIATES, INC.

Balance Sheets

— LIABILITIES —

CURRENT LIABILITIES

	<i>September 30, 1952</i>	<i>September 30, 1951</i>
Accounts and Vouchers Payable	\$ 1,200,018.94	\$ 1,809,382.14
Taxes Accrued or Payable	239,058.84	556,690.21
Social Security and Withholding Taxes Payable	380,211.10	570,137.72
Provision for Federal Taxes on Income (<i>Note E</i>)	1,124,321.47	4,501,982.12
Less: U. S. Treasury Savings Notes	(1,124,321.47)	(4,501,982.12)
Net Provision for Federal Taxes on Income	— 0 —	— 0 —
TOTAL CURRENT LIABILITIES	1,819,288.88	2,936,210.07

RESERVE FOR DECLINE IN INVENTORY VALUES AND OTHER CONTINGENCIES	2,400,000.00	2,400,000.00
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RESERVE FOR REPLACEMENT OF PLANT Beyond Amount Provided by Current Depreciation Reserves	4,800,000.00	4,800,000.00
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STOCKHOLDERS' EQUITY

Common Stock (Without Par Value) Authorized 3,000,000 Shares — Issued 1,948,629 Shares	10,824,812.50	10,824,812.50
Assets Received from Stockholders in Excess of Stated Value of Common Stock Issued (Net) (Capital Surplus)	460,288.99	460,288.99
Earnings Retained in the Business since September 30, 1939	24,805,236.31	26,707,726.38
TOTAL STOCKHOLDERS' EQUITY	36,090,337.80	37,992,827.87

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$45,109,626.68	\$48,129,037.94
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FINE SPINNING ASSOCIATES, INC.

Notes to Financial Statements
FOR THE YEAR ENDED SEPTEMBER 30, 1952

Basis of Consolidation — The Consolidated Financial Statements include the accounts of all Subsidiary Companies except Warren Textile & Machinery Supply Co. which is wholly owned, but carried in the Balance Sheet as an Investment at Cost.

Note (A) — Inventories

Raw Materials are priced at the "lower of Cost or Market", the material content of Stock in Process at a standard established in 1933, which is less than current market, and the "lower of Cost or Market" is the basis for materials in cloth. The standard cost basis, (approximating actual costs), is used in valuing Labor and Manufacturing Burden in Stock in Process, as well as Cloth. Waste is valued at Market. The verification of the Raw Materials, Stock in Process, and Cloth included a review of the Inventory records and procedure, physical examination of quantities during the fiscal year at all Mills, and confirmation by direct correspondence of merchandise quantities in the possession of Finishers.

Note (B) — Investment In and Advances to Warren Textile & Machinery Supply Co.

The excess of the Company's equity in the Net Assets of Warren Textile & Machinery Supply Co. over its investment therein at September 30, 1952 amounted to \$92,212.50 and represents the undistributed Net Earnings of the Subsidiary since the date of incorporation. A Balance Sheet of this Subsidiary is included in this report.

Note (C) — Plant Construction, Improvement and Replacement Fund

Of a Plant Fund, at September 30, 1951, totalling \$6,625,536.63, there remains, after net disbursements of \$1,253,624.71, a balance amounting to \$5,371,911.92.

Note (D) — Plant Assets

Plant Assets are stated in the Balance Sheet at Depreciated Book Values at April 1, 1934, plus additions subsequent to that date at Cost. Depreciation from the previously mentioned date has been charged to Operations on the basis of the useful lives or residual values of the various items of depreciable Plant Assets. No provision has been made during the fiscal year for replacement of Plant other than current Depreciation charges.

Note (E) — Provision for Federal Taxes on Income

The Company's Tax Returns have been inspected by the Audit Division of the Income Tax Unit through September 30, 1950. The year ended September 30, 1951 has not been examined or reviewed, but it is our opinion that the outstanding Reserve, at September 30, 1952, provides for tax liabilities to that date.

Note (F) — Renegotiation

No provision has been made in the Balance Sheet for the effects, if any, of Renegotiation of Defense Contracts.

Note (G) — Purchase Commitments

The Company has outstanding Plant Improvement and Material Commitments amounting to \$3,800,000. The materials are at prices approximating market.

Berkshire
FINE SPINNING ASSOCIATES, INC.

Condensed Consolidated Statement of Income

	YEARS ENDED	
	September 30, 1952	September 30, 1951
INCOME:		
Sales (Net)	\$48,544,524.27	\$60,987,365.72
Other Income	243,386.64	280,987.84
	<u>48,787,910.91</u>	<u>61,268,353.56</u>
COSTS AND EXPENSES:		
Materials, Operating and General Expense	47,514,112.30	51,561,171.93
Depreciation and Amortization	771,294.69	692,191.86
Other Expenses	57,161.82	73,783.54
Provision for Taxes on Income	245,000.00	4,600,000.00
Provision for Replacement of Plant Beyond Amount Provided by Current Depreciation Reserves	— 0 —	1,200,000.00
	<u>48,587,568.81</u>	<u>58,127,147.33</u>
NET INCOME	<u>\$ 200,342.10</u>	<u>\$ 3,141,206.23</u>

Statement of Earnings Retained in the Business

(Since September 30, 1939)

Earnings Retained in the Business at Beginning of Year	\$26,707,726.38	\$26,976,620.90
Net Income for the Year	200,342.10	3,141,206.23
Revenue Agent's Net Asset Adjustments for Fiscal Year Ended September 30, 1950	34,923.96	— 0 —
Prior Years' Provision for Federal Taxes on Income not Required	200,598.67	— 0 —
	<u>27,143,591.11</u>	<u>30,117,827.13</u>
Dividends Paid	2,338,354.80	3,410,100.75
Earnings Retained in the Business at End of Year	<u>\$24,805,236.31</u>	<u>\$26,707,726.38</u>

Certificate of Auditors

We have examined the Consolidated Balance Sheet of Berkshire Fine Spinning Associates, Inc. and its consolidated subsidiaries as of September 30, 1952 and the related Statements of Income and Earnings Retained in the Business for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and related Statements of Income and Earnings Retained in the Business, with the notations thereto, fairly present the Company's consolidated financial position at September 30, 1952 and the consolidated results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

COMERY, DAVISON & JACOBSON
Certified Public Accountants

Providence, R. I., October 24, 1952



WARREN TEXTILE & MACHINERY SUPPLY CO.

Balance Sheets

	ASSETS	September 30, 1952	September 30, 1951
CURRENT ASSETS			
Cash		\$ 4,739.15	\$ 4,919.96
Accounts Receivable		8,441.92	4,656.18
Inventories (Lower of Cost or Market)		154,740.11	232,105.29
TOTAL CURRENT ASSETS		<u>167,921.18</u>	<u>241,681.43</u>
DEFERRED CHARGES			
Prepaid Insurance and Taxes		<u>17,769.27</u>	<u>10,655.68</u>
PLANT ASSETS			
Properties Comprising Land, Buildings, Machinery and Equipment (At Cost)		412,571.62	404,501.70
Less: Depreciation Reserves		<u>191,440.78</u>	<u>167,585.39</u>
NET PLANT ASSETS		<u>221,130.84</u>	<u>236,916.31</u>
TOTAL ASSETS		<u>\$406,821.29</u>	<u>\$489,253.42</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts and Vouchers Payable		\$ 11,920.52	\$ 27,219.29
Taxes Accrued or Payable		10,201.41	10,257.85
Social Security and Withholding Taxes Payable		3,449.13	7,512.76
Provision for Federal Taxes on Income		— 0 —	315.46
TOTAL CURRENT LIABILITIES		<u>25,571.06</u>	<u>45,305.36</u>
DUE BERKSHIRE FINE SPINNING ASSOCIATES, INC.		<u>259,037.73</u>	<u>301,228.86</u>
STOCKHOLDERS' EQUITY			
Common Stock (300 Shares — No Par Value)		<u>30,000.00</u>	<u>30,000.00</u>
Earnings Retained in the Business — Beginning		112,719.20	115,300.39
Prior Years' Provision for Federal Taxes on Income not Required		315.46	— 0 —
(Loss) for the Year		<u>(20,822.16)</u>	<u>(2,581.19)</u>
Earnings Retained in the Business — Ending		<u>92,212.50</u>	<u>112,719.20</u>
TOTAL STOCKHOLDERS' EQUITY		<u>122,212.50</u>	<u>142,719.20</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		<u>\$406,821.29</u>	<u>\$489,253.42</u>

Certificate of Auditors

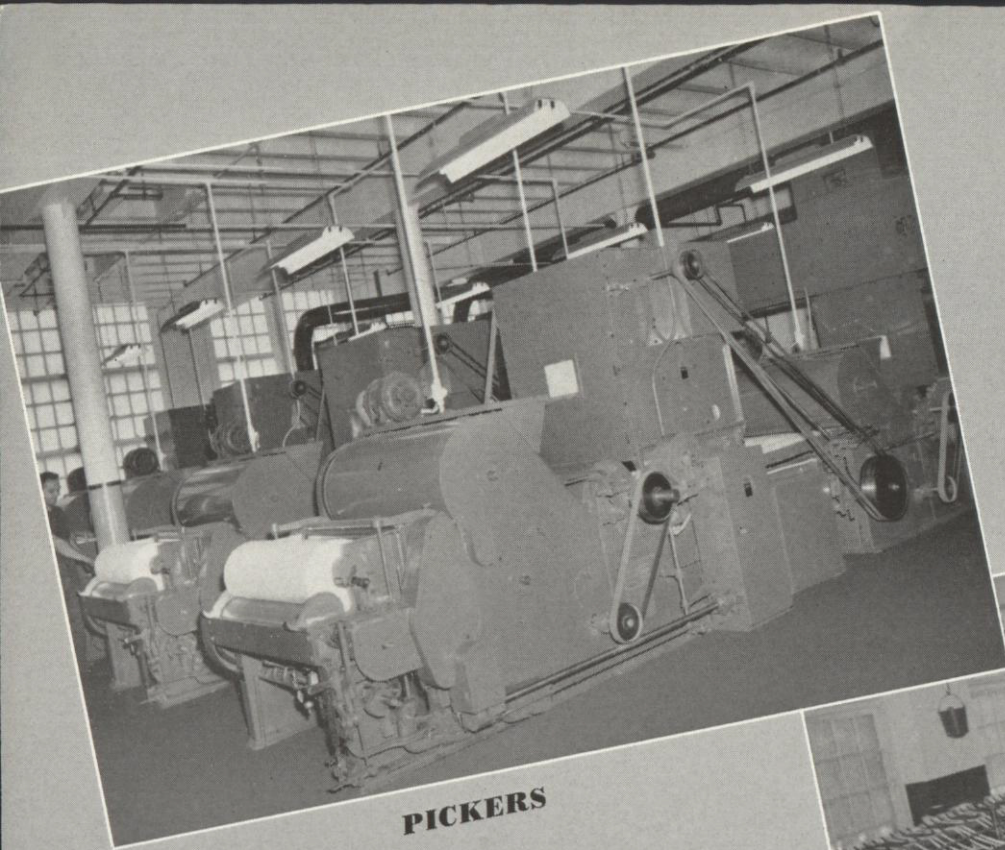
We have examined the Balance Sheet of Warren Textile & Machinery Supply Co. at September 30, 1952 and the related Statement of Income and Earnings Retained in the Business for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying Balance Sheet and related Statement of Income and Earnings Retained in the Business fairly present the position of Warren Textile & Machinery Supply Co. at September 30, 1952 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

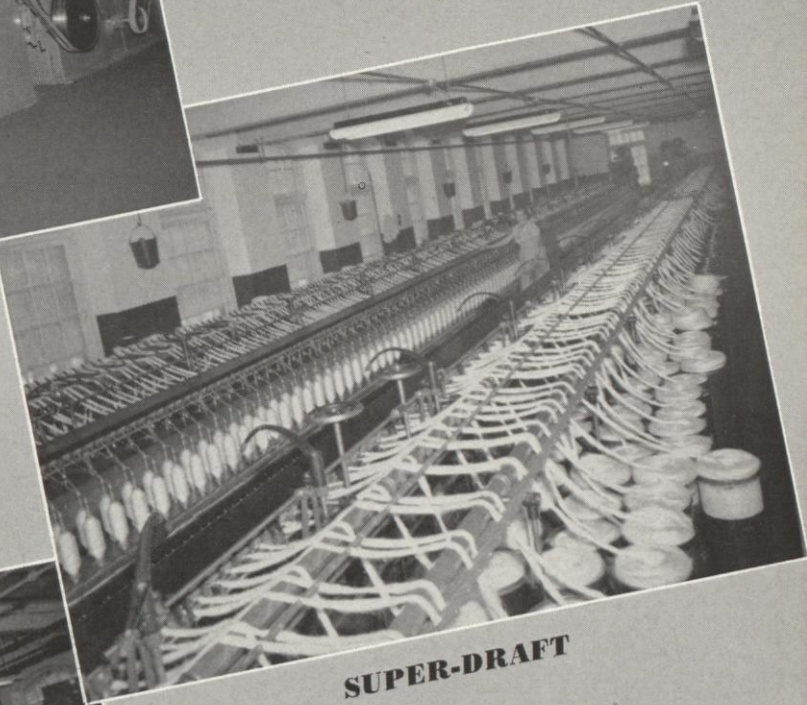
COMERY, DAVISON & JACOBSON
Certified Public Accountants

Providence, R. I., October 24, 1952

Berkshire
FINE SPINNING ASSOCIATES, INC.



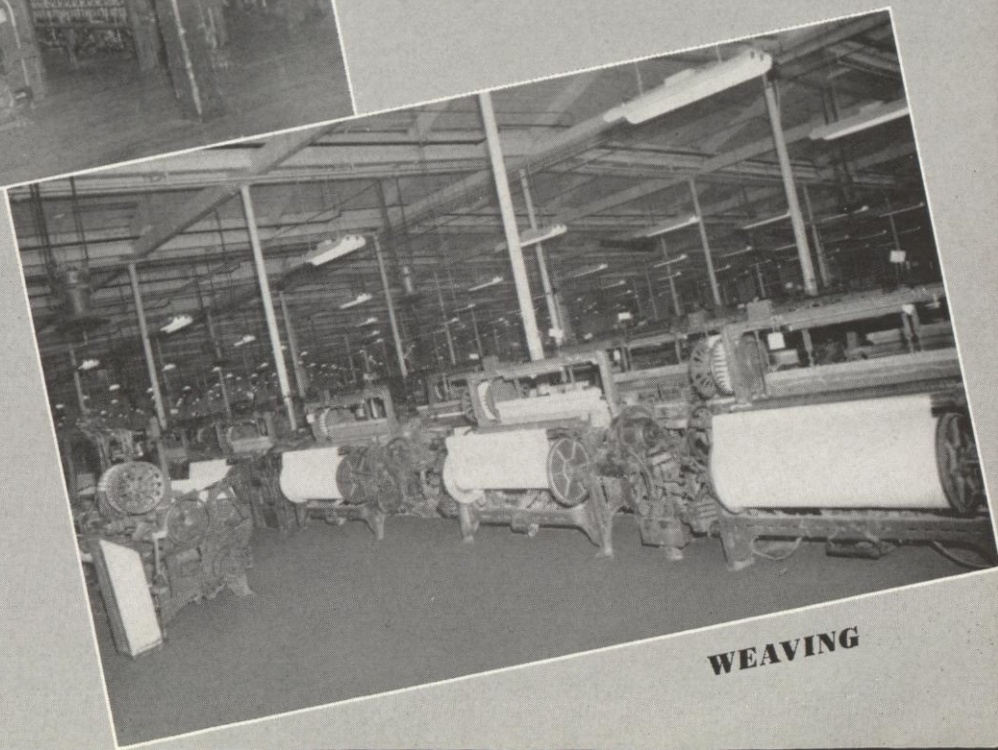
PICKERS



SUPER-DRAFT



SPINNING



WEAVING

**The Household & Apparel Trades
Get More For Their Money
When They Insist On**

Berkshire
COMBED COTTON FABRICS

BLEACHED, DYED, PRINTED AND GREY

- BROADCLOTHS
- LAWNS
- SHIRTINGS
- BATISTES
- POPLINS

- FANCY WEAVES
- ORGANDIES
- DIMITIES
- VOILES
- PIQUES
- HANDKERCHIEFS

Plants at

Adams, North Adams, Holyoke, Fall River, Mass.
Albion, Warren and Anthony, R. I.
Brattleboro, Vt.

Berkshire
FINE SPINNING ASSOCIATES, INC.
TURKS HEAD BLDG. — PROVIDENCE, R. I.
NEW YORK SALES OFFICE — 40 WORTH STREET



FINE SPINNING ASSOCIATES, INC.

EXECUTIVE OFFICES

TURKS HEAD BUILDING, PROVIDENCE, R. I.

SALES OFFICES

40 WORTH STREET, NEW YORK, N. Y.

261 FIFTH AVENUE, NEW YORK, N. Y.

PLANT LOCATIONS

Massachusetts

ADAMS • NORTH ADAMS • HOLYOKE • FALL RIVER

Rhode Island

ALBION • ANTHONY • WARREN

Vermont

BRATTLEBORO

CURTAIN FACTORIES

WARREN, R. I.

FALL RIVER, MASS.

LABORATORIES AND MACHINE SHOPS

WARREN, R. I.

A red wax seal is visible on the back of the letter, partially broken and stained.

Berkshire

FINE SPINNING ASSOCIATES, INC.